

Message Text

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ACTION EB-08

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FM AMEMBASSY MADRID

TO SECSTATE WASHDC PRIORITY 3260

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E.O. 11652: N/A

TAGS: EAIR, SP, US

SUBJ: CIVAIR - TWA LIBERALIZED APEX FILING: COMPROMISE
SOLUTION PROPOSED

REF: STATE 13697; DOROUGH-WHITE TELCON JANUARY 24

1. EMBOFF DISCUSSED SUBSTANCE REFTEL WITH OFFICIALS OF MINISTRY OF FOREIGN AFFAIRS AND SUBSECRETARIAT OF CIVIL AVIATION ON JANUARY 20. WHILE MFA OFFICIALS INSISTED ON NEED FOR CONSULTATIONS, DIRECTOR GENERAL OF AIR TRANSPORT (GENERAL YNIGUEZ) FELT THAT MATTER COULD BE RESOLVED THROUGH COMPROMISE AND THAT INTERGOVERNMENTAL DISCUSSIONS SHOULD BE RESERVED FOR MORE COMPLEX ISSUES. YNIGUEZ SAID THAT HE WOULD MEET WITH MFA ON JANUARY 23 AND ATTEMPT TO FIND SOLUTION. HE REQUESTED THAT PLANS FOR CONSULTATIONS BE POSTPONED PENDING RESULTS THAT MEETING.

2. TWA DIRECTOR STAPLETON INFORMED EMBASSY JANUARY 24 THAT YNIGUEZ HAD CALLED HIM TO SUGGEST FOLLOWING COMPROMISE SOLUTION: NEW FILING WILL BE MADE BY IBERIA INCLUDING ALL FEATURES OF "LIBERALIZED" APEX EXCEPT THAT ADVANCE PAYMENT PERIOD WILL BE THIRTY DAYS INSTEAD OF TWENTY-ONE DAYS. TARIFF WILL BE FOR INDIVIDUAL TRAVELLERS,
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MINIMUM/MAXIMUM STAY IN OTHER COUNTRY OF 7/60 DAYS AND FARE OF \$295 ROUND-TRIP MADRID-NEW YORK. YNIGUEZ SAID IBERIA WOULD FILE NEW TARIFF WITHIN NEXT FEW DAYS, PRESUMABLY BOTH TO SPANISH AUTHORITIES AND WITH CAB.

3. EMBASSY HAS CONFIRMED ABOVE WITH MFA (FABREGAS), INCLUDING FACT THAT IBERIA PLANNED FILE WITH CAB ON

JANUARY 25. MEANWHILE TWA MADRID HAS TOLD EMBASSY THAT PROPOSED COMPROMISE IS NOT ACCEPTABLE TO THEIR HEADQUARTERS APPARENTLY TWA INSISTS AS MATTER OF PRINCIPLE THAT ALL REPEAT ALL CONDITIONS APPROVED FOR ANY GROUP FARE MUST ALSO BE APPROVED FOR INDIVIDUAL FARES. ON LEARNING THIS FROM TWA NEW YORK, STAPLETON RELAYED POSITION TO GENERAL YNIGUEZ WHO REPORTEDLY EXPRESSED GREAT SURPRISE, SINCE IN HIS VIEWPOINT TWA HAD ACHIEVED ALL THEIR AIMS.

4. MAIN POINT YNIGUEZ MADE WAS THAT, SINCE USG HAD EXPRESSED DISSATISFACTION, IBERIA'S GROUP APEX FARE WOULD BE SUSPENDED AT END OF SIXTY DAY PERIOD PROVIDED IN AGREEMENT. FABREGAS CONFIRMED AGREEMENT OF MFA THAT GROUP FARE, IN EFFECT, HAS BEEN SUSPENDED IN SPITE OF STIPULATION IN EMBASSY'S NOTE THAT DISSATISFACTION DOES NOT NECESSARILY MEAN THAT USG WILL SUSPEND THE FARE. IF, IN FACT, GROUP FARE IS SUSPENDED THEN NEW FILING BY IBERIA AS DESCRIBED PARAGRAPH TWO ABOVE WOULD BE THE ONLY "LIBERALIZED" APEX AND WOULD BE EQUALLY OPEN FOR US AIRLINES AS FOR IBERIA.

5. COMMENT: APPARENTLY GOS CONSIDERS ANY INVOCATION OF ARTICLE 10(D) OR 10(E) AS A "SUSPENSION" OR "DISAPPROVAL" OF A FILING, NOT JUST A PRELIMINARY STEP (FABREGAS SAID THE SPANISH TEXT CLEARLY READS "DISAPPROVES"). WITH GOS AND IBERIA APPARENTLY RECONCILED TO GIVING UP LIMITED OFFICIAL USE

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GROUP APEX, AND CONSIDERING THAT ONLY CHANGE TO TWA'S "LIBERALIZED" APEX FILING IS ONE OF NINE MORE DAYS ON THE ADVANCE PURCHASE REQUIREMENT, EMBASSY BELIEVES THAT PROPOSED COMPROMISE IS FAIR TO US AIRLINES AND SHOULD BE ACCEPTED. EMBASSY WOULD RECOMMEND THAT IBERIA FILING BE APPROVED, WITH NECESSARY EXCHANGE OF NOTES TO ESTABLISH AD HOC NATURE OF APPROVAL IF THIS DEEMED ESSENTIAL. STABLER

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